

August 1, 2000

The Honorable Gray Davis  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Dear Governor Davis:

I am pleased to submit for your review my report on the Governor's Task Force on Diversity and Outreach ("Task Force"). As you know, the Task Force was appointed in September 1999 "to examine ways in which state government may fashion and conduct outreach programs that are constitutionally permissible" in light of the passage of Proposition 209. The discussion presented in the attached "Report to the Governor on Outreach Options" ("Outreach Options") is the product of a determination to comply fully with your expectation that the Task Force devote its best creative thinking to the task. As Chair of this august group of business, education, civic, and political leaders, I am proud to have participated in this important work.

As revealed in the Outreach Options report, the various Task Force options are organized into four groups: *General, Public Education, Public Employment, and Public Contracting*. It is important to note that the Task Force is fully aware that all of the options are subject to the review and evaluation of your legal and policy advisors regarding potential implementation – both in terms of the selection of those options that may be implemented and the particular manner of implementation (i.e., administrative, legislative, or budgetary).

Further, in submitting its work for your review, the Task Force is aware that several of the options contained in the Public Education discussion are similar to your recently announced education initiatives, including the Education Initiatives 2000-01 issued at the beginning of this year. The Task Force, however, believes it is worthwhile to stress the critical importance of improved student achievement and increasing the State's pool of fully qualified teachers as springboards toward increasing the diversity of the State's workforce and university admissions.

Finally, the Task Force acknowledges the uncertainty of controlling law regarding permissible outreach efforts and awaits the imminent decision of the California Supreme Court in the case of *Hi-Voltage Wire Works, Inc. v. City of San Jose*. Similarly, the Task Force's options relating to data collection in public employment are made with the understanding that legislative action would be required in light of

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the Court of Appeal's invalidation (in *Barlow v. Davis*) of the state's former data collection requirements relating to public contracting.

California's rich diversity is a wonderful and unequaled resource that will serve the State well as we move into the 21<sup>st</sup> Century. I trust that the work of the Task Force will afford you a creative set of tools to assure that the opportunity to tap into this important resource will not be lost.

I join the Task Force in commending your leadership on this important issue and in thanking you for the opportunity to work on your behalf to assure that California remains a leader in this area of public concern.

Sincerely,

MARIA CONTRERAS-SWEET

Secretary

Attachment

Governor's Task Force  
on Diversity and Outreach

# *Report to the Governor on Outreach Options*

*Business, Transportation,  
and Housing Agency  
Secretary Maria Contreras-Sweet, Chair*



*Gray Davis*  
Governor

*August 1, 2000*

Governor's Task Force  
on Diversity and Outreach

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Report to the Governor  
on  
Outreach Options

Business, Transportation and  
Housing Agency  
*Secretary Maria Contreras-Sweet,  
Chair*

*Gray Davis,  
Governor*

*August 1, 2000*



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# Executive Summary

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In November 1996, California voters passed Proposition 209. This state constitutional amendment prohibits state government from discriminating against, or providing preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in reference to public employment, public contracting, or public education.

In 1999, Senate Bill (SB) 44 was introduced and would have clarified that government agencies may engage in public sector outreach programs, including focused outreach and recruitment of minority groups and women. This bill was passed by the Legislature, but the Governor vetoed the bill, stating that he believed the outreach efforts authorized by SB 44 would not be permissible under the provisions of Proposition 209. The Governor further stated that, as a long time advocate for diversity in the public workforce, he was convinced that outreach programs could be fashioned that were constitutionally permissible, based on socio-economic status, geographic area, or characteristics not based on race and, by implication, gender.

To that end, the Governor formed a Task Force on Diversity and Outreach to recommend ways to achieve diversity in public employment, contracting, and education that would be permissible under the provisions of Proposition 209. A preliminary report was submitted to the Governor in December 1999. This report summarizes the outreach options developed by the Task Force.



The Task Force recommends a range of options for the Governor to consider. These are summarized below, and articulated completely in each respective section of this report.

## ***General Outreach Policy***

The Task Force believes an opportunity exists for the Governor to articulate a coherent implementation strategy for Proposition 209. Legislative initiatives, pending court cases, and varying strategies for implementing Proposition 209 have left some local and state government officials uncertain about the proper course of action. The Task Force recommends that the Governor consider issuing an Executive Order that addresses the state's commitment to nondiscrimination and to diversity in education, employment, and contracting. By replacing prior Executive Orders and crafting a new order, the Governor could strongly encourage outreach and recruitment that reaches all communities, uses permissible targeting strategies, ensures non-discriminatory contracting, and dismantles artificial and unnecessary barriers. In addition, the Task Force suggests that the state collect sufficient data to assess the success of outreach efforts, and work with local government to clarify the scope of permissible activities.

## ***Public Education***

Task Force members considered a wide range of strategies for K-12, post-secondary, and graduate education. The significant challenges facing higher education were considered by the Task Force, but many of the recommended options are focused on improving the



quality of elementary and secondary education. The Task Force believes that it is essential that all students are provided a quality education in order to ensure opportunity in education and employment.

The Task Force acknowledges the leadership of the Governor in establishing education as a top priority of his Administration. It is important to note that a number of the Task Force's options are congruent with many of the Governor's education initiatives or recently enacted legislation. In summary, the Task Force supports the Governor's consideration of the following options:

- *Support the continued expansion of parental involvement and parent/school communications programs (as enacted in AB 33 (Chapter 743, Statutes of 1999));*
- *Expand after-school educational assistance programs to both middle and elementary school sites;*
- *Increase efforts that improve the preparation for vocational careers and college, expand the pool of college-educated citizens, and promote academic counseling, mentoring, and character education in our state's high schools;*
- *Encourage community colleges to strengthen teacher development, and better inform students about transfer opportunities to the University of California (UC) and California State University (CSU) systems; and*
- *Support CSU students to ensure they are aware of UC graduate and professional school opportunities; and, for all systems, emphasize faculty and staff programs that encourage participation by poor or disadvantaged persons, as well as inventory successful academic development programs.*





## ***Public Employment***

The limited available data suggest that the state is doing poorly in attracting diverse work groups. The Task Force focused its recommended options on five key areas that would ultimately assist the state in recruiting, hiring, maintaining, and promoting a diverse workforce:

- *Funding for outreach programs and hiring/promotional practices;*
- *Comprehensive outreach and recruitment efforts;*
- *Collection and monitoring of data on diversity and discrimination;*
- *Selection decisions (test validation); and*
- *Employee development programs.*

## ***Public Contracting***

In the area of public contracts, the focal point was strengthening the state's small business program. The Task Force recommended that the Governor consider administrative, legislative, and budgetary actions for this purpose.

- *Establish a Governor's Small Business Policy Director position and departmental lead contracting agents;*
- *Broaden the role of departmental Small Business Advocates;*
- *Create a one-stop small business certification process;*



- *Develop legislative proposals to improve the state's small business program;*
- *Create a sub-category of small businesses for "micro-businesses" and reserve a portion of contracts for these and other small businesses;*
- *Create an incentive program for large businesses that subcontract or mentor small businesses; and*
- *Ensure funding for small business support activities and an incentive program for large businesses.*

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# Introduction

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On September 28, 1999, Governor Gray Davis appointed the *Governor's Task Force on Diversity and Outreach*. The purpose of this Task Force was to examine ways in which state government could fashion and conduct effective outreach programs in the areas of public employment, public contracting, and public education that are constitutionally permissible.

This report provides a compendium of options supported by the Task Force for the Governor's consideration in each of the three areas mentioned above. The Task Force believes that with the Governor's support, these options can do much to enhance the state's ability to improve diversity in public education, employment and contracting, and still comply with constitutional limitations.

In accepting its charge, the Task Force embraced the spirit and intent of the Governor's interest in achieving diversity in a constitutionally permissible manner that would afford and broaden the opportunities for all Californians to participate fairly in the state's educational, employment, and contracting forums.

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# Background

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In November 1996, California voters passed Proposition 209, which pertained to preferential treatment in public employment, education, and contracting. Specifically, this state constitutional amendment prohibited discrimination against, or the granting of preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in reference to public employment, public education, or public contracting.<sup>1</sup> Practically speaking, Proposition 209 effectively ended race- and gender-based affirmative action programs in state government that had been in place for many years.

The immutable support for affirmative action among individuals and varied groups and associations was not lost upon the passage of Proposition 209. Legislation was introduced to restore the state's ability to assist underrepresented groups in public employment, education, and contracting.

Senate Bill 44, introduced by Senator Richard Polanco, would have made a legislative finding that the prohibitions outlined in Proposition 209 would not prevent governmental agencies from engaging in various outreach efforts to increase representation of various protected groups in public employment, education, and contracting. SB 44 was vetoed by Governor Gray Davis. His veto message stated, in part, "While clearly not the intent of the author, I believe the forms of outreach envisioned in this legislation violate the provisions of that initiative

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<sup>1</sup> Constitution of the State of California, Article 1, Section 31, approved November 5, 1996.



[Proposition 209], passed by the voters of California, which prohibited race-based programs to achieve diversity.”

Not wishing to abandon state efforts to improve diversity in public employment, education, and contracting, Governor Davis also included in his veto message the following statement: “I therefore intend to appoint a Task Force on Diversity and Outreach... to examine ways in which state government may fashion and conduct outreach programs that are constitutionally permissible.”<sup>2</sup>

*The Governor’s Task Force on Diversity and Outreach* was chaired by the Secretary of the Business, Transportation and Housing Agency, Ms. Maria Contreras-Sweet, and included 27 members appointed by Governor Davis from a broad spectrum of public and private sector interests. As stated in the Governor’s veto message, their charge was to examine ways the state can engage in effective outreach efforts based on, for example, non-race-based and non-gender-based characteristics.

After holding meetings during the months of October 1999 through February 2000, the Task Force developed a compendium of options for consideration by Governor Davis. The list includes potential legislative, budgetary, and administrative options for each category — public education, employment, and contracting — along with a generalized policy statement the Task Force strongly believed the Governor could consider. Ultimately, the Task Force believes these options will enhance the state’s efforts to increase diversity in a constitutionally permissible manner.

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<sup>2</sup> SB 44, Governor’s veto message, July 28, 1999.



# General Outreach Policy

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This option suggests that Governor Davis issue a new Executive Order that addresses both the state's commitment to nondiscrimination and to diversity in public education, public employment, and public contracting. The recommended Executive Order could evaluate and replace both of previous Governor Wilson's Executive Orders relating to Proposition 209, but retain those elements of each that are consistent with the Task Force's objectives and recommended options. The new Executive Order could include guidelines for:

- a) engaging in outreach and recruitment designed to reach all of the diverse communities and groups within the state;
- b) engaging in targeted outreach and recruitment permitted by federal and state law;<sup>3</sup>
- c) ensuring that state contracting agencies, prime contractors and subcontractors do not discriminate in their contracting activities; and
- d) dismantling any artificial barriers that needlessly handicap Californians in public education, public employment, and public contracting.

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<sup>3</sup> This option – targeted outreach – is suggested with the understanding that the California Supreme Court has pending before it the case of *Hi-Voltage Wire Works, Inc. v. City of San Jose* (1999) 72 Cal.App.4th 600, 84 Cal.Rptr.2d 885. Accordingly, the Task Force discussed the types of outreach options that might be considered in the event the California Supreme Court approves the use of targeted outreach. In these discussions, the Task Force stressed that the emphasis of any targeted outreach efforts would be on providing a representative pool of applicants (for state employment and public education) or contractors, and not to provide any preference relative to hiring, contracting, or admissions decisions.



Additionally, the Task Force suggests that the Governor take appropriate action concerning the following:

- the collection of data concerning the racial, gender and socio-economic composition of those contracting with the state;
- verification of the process for collection of data concerning the racial, gender, and socio-economic composition of those educated and employed by the state; and
- clarification of the scope of permissible outreach activities relating to education, employment and contracting for local governments.

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# Public Education

## Outreach Options

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The Task Force considered a wide range of strategies for K-12, post-secondary and graduate and professional education. The Task Force believes that the state's educational system fails to provide too many children with the basic skills necessary to succeed and thereby limits their opportunities beyond high school. The Task Force is encouraged by the Governor's education agenda that aims to improve the academic performance of California's students so that all children will have the opportunity to become productive, literate citizens. While the Task Force discussed the significant challenges facing higher education, it focused its attention on options that are centered on improving the academic performance of all K-12 students.

California schools have recently shown steady progress in the number of qualified students who are academically eligible to attend post-secondary institutions. However, college eligibility rates still differ greatly by geographic region, school and student ethnic group. Since a quality K-12 education is essential to a student's success beyond high school, the Task Force's education options stress the challenge of making more students successful in school.

The Task Force acknowledges that many of the options identified below either endorse or request expansion of some of the Governor's education initiatives. It supports the following options for the Governor's consideration:

1. Support the continued expansion of K-12 parental involvement programs to support improved parent-teacher communication and student academic





performance, inclusive of preservice professional preparation programs.

2. Meet with business, community, and religious leaders to promote the importance of improving communication between parents and the schools. The goal of this effort is to empower parents in the education of their children.
3. Support the expansion of after-school and safe neighborhood programs to middle and elementary school sites.
4. Implement and expand existing programmatic efforts to ensure that schools are receiving the same message about the importance of adequate preparation for college or a vocational career.
5. Support and expand K-12 programs that provide effective academic counseling, mentoring, and character education.
6. Support an increase in funding for existing transfer center programs to better inform community college students early in their undergraduate careers. Specifically, this proposed new funding should support improvements in academic advisement and financial aid counseling.
7. Support an increase in funding for University of California graduate and professional outreach efforts specifically tailored to undergraduate students attending a California State University.
8. Request that the California Postsecondary Education Commission (CPEC) develop a comprehensive inventory of the existing academic development programs administered by the state's K-12 and higher education system. This inventory should include those programs that address parental education and community involvement as essential elements of their program.
9. Support the continued funding for the community college teacher development programs aimed at increasing the number of qualified K-12 teachers.



10. Support for faculty and staff development programs that increase participation by students from poor and disadvantaged backgrounds among full-time and part-time faculty in all three post-secondary systems.

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# Public Employment Outreach Options

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**S**tate of California departments are required to collect data concerning race and gender characteristics of the state workforce. Current data suggests the state is doing poorly with regard to attracting diverse work groups reflective of population and employment workforce statistics. Departments are responsible for developing plans on how best to address underutilization of protected groups.

Additionally, departments are charged with conducting their own outreach efforts, yet appropriate levels of funding and personnel resources are insufficient. Moreover, there is no oversight of the departments to ensure accountability and compliance with existing requirements. Based on these premises, the Task Force's recommended options related to Public Employment encompass the following.

## **1. Funding**

More resources, through legislative efforts and the Governor's budget, could be expended to support outreach programs and comprehensive data analysis of the state workforce, and its hiring and promotional practices. Departments could be directed to develop budget change proposals specifying the resources necessary to fully implement outreach and recruitment efforts.



## **2. Comprehensive Outreach and Recruitment Efforts**

The state could inventory, review, and evaluate the effectiveness of the current state recruitment process, structure, and staffing, which is currently decentralized. The state could fund and develop multi-faceted and comprehensive outreach and marketing programs which address the difficulties the State of California is experiencing in recruiting and retaining a highly talented, motivated, and diverse workforce to serve the citizens of California. State agencies could be responsible for obtaining resources necessary to support aggressive outreach and recruitment activities, permitted by federal and state law, and design programs to reach all the diverse communities and groups within the state.

The State Personnel Board could be directed to establish a centralized organization unit to oversee the implementation of individual department's recruitment and outreach programs and strive to ensure accountability in the state's programs. The State Personnel Board would provide direction to monitor and evaluate the recruitment and outreach activities of state departments and would take a leadership role in the development of statewide and multiple department programs, partnerships, and other activities aimed at improving opportunities and meeting the state's hiring requirements including:

- centralized recruitment efforts of all servicewide examinations;



- development and dissemination of recruitment resources and information for use by state departments;
- providing leadership to state government by serving as an advisory and technical resource to state agencies in implementing outreach programs, including training for recruiters and the implementation of monitoring and tracking systems;
- increased automated access to computer-based and Internet examinations to facilitate on-the-spot hiring techniques through utilization of mobile testing options;
- development of on-campus college and high school recruitment programs and maintaining ongoing partnerships with colleges and universities, including development of student/internship programs;
- development of partnerships with the Employment Development Department, Department of Social Services, and local welfare agencies to target the economically disadvantaged citizens of the state by focusing on employment opportunities in state government for the adult welfare population; and
- development of on-going working relationships and partnerships with local communities through advocacy with advisory and citizen groups, community service organizations and other public service agencies to facilitate recruitment within all segments of the state.



The state's outreach efforts could ensure all sectors of California's workforce are aware of state employment opportunities.

Each state department's delegated authority for administering examinations could include responsibility for establishing a comprehensive recruitment and outreach program that allows potential candidates from all segments of the relevant recruitment area to have an opportunity to learn of and consider their employment opportunities. Such programs would be implemented in accordance with applicable law, direction, and guidance from the State Personnel Board or Department of Personnel Administration. In consultation with the State Personnel Board or Department of Personnel Administration, each department director would review the adequacy of their recruitment and outreach program and develop budget change proposals to address any deficiencies in resources and training.

The Task Force recognizes that an important ingredient to achieving a diverse workforce is the necessity to expand the pool of qualified applicants to reflect the diversity of the state. The Task Force acknowledges the importance of implementation of the recommendations of the education subcommittee to achievement of a diverse, qualified labor force capable of meeting the employment needs of the state.

Further, the state could review its salary, benefit, promotional, and upward mobility structure to ensure competitiveness with other public sector jobs and private industry. Both private industry and other



governmental agencies compete with the state to attract and retain the best and the brightest of California's diverse workforce. Where these organizations are able to offer more attractive and higher level compensation incentives to job applicants and employees and more rapid advancement, the state is placed at a disadvantage in recruiting and retaining a highly talented, motivated, and diverse work force. The state's recruitment and diversity efforts are hindered by these inadequacies. The Task Force recommends that the state increase its salary and benefits and provide for more rapid advancement so it can effectively recruit and retain the best, brightest, and diverse talent in the labor market.

### **3. Collection and Monitoring of Data on Diversity and Discrimination**

State agencies could collect data concerning the racial and gender composition of those applying for and/or employed by the state in order to make sure the state is not discriminating based on race, disability, and/or gender. The state could research and model various socio-economic characteristics that enhance diversity efforts and protect against discrimination. Socio-economic models may include the following:

- economic/welfare characteristics;
- population sizes;
- participants in Workforce Investment Board job training programs;
- recruitment in areas of higher education that service areas of higher welfare population;



- educationally disadvantaged areas;
- areas of low-performing K-12 schools and community colleges; and
- bilingual considerations (Dymally-Alatorre Bill - bilingual service surveys).

State agencies could continuously monitor their selection policies and procedures and ensure they are operating in a non-discriminatory manner. State departments could establish systems to monitor and evaluate access to state employment information to ensure equitable access. Such systems could include evaluation of electronic access to employment information utilizing public, nonprofit, and private Web sites. Such information would be provided to and evaluated by the State Personnel Board or Department of Personnel Administration in order to monitor the state's efforts at eradicating discrimination.

To assist the state civil service process and ensure the state fully utilizes California's richly diverse labor force and avoid discrimination against any group, the Task Force recommends a comprehensive monitoring and reporting process. This process would involve two major components.

**The State Personnel Board or the Department of Personnel Administration could...**

- function as a central coordinating agency for the collection and reporting of information relative to the workforce of state agencies, departments, boards, and commissions;





- develop policies and procedures for the collection and maintenance of state workforce data;
- maintain data and produce reports on the state workforce composition by job classification, occupational group, salary level, organizational level, and geographic location;
- maintain local, regional, and state workforce and population data;
- maintain data and produce reports on the number of women, minorities, and persons with disabilities; and
- submit an annual report to the Governor and the Legislature regarding the diversity of the state workforce.

### **State Agencies, Departments, Boards, and Commissions could...**

- work cooperatively with the State Personnel Board or Department of Personnel Administration in gathering and maintaining data on the composition of its workforce and participants in its selection processes;
- ensure that all appropriate diversity information on each employee is entered into the Employment History Database; and
- monitor the diversity of its workforce and participants in the examination process on a quarterly basis; take appropriate measures to correct any discriminatory practices, and ensure equal employment opportunities for all. Reports could be made quarterly to the



State Personnel Board or the Department of Personnel Administration on the results of their recruitment and outreach activities and any recommended corrective action taken.

#### **4. Selection Decisions (Test Validation)**

The state could review and evaluate its policy that its examination process is job-related and non-discriminatory, and establish an audit review mechanism that ensures compliance with the current policy. The state could institute a requirement that state employment decisions be based on criteria that accurately assesses capabilities of job applicants. The adherence to legal and professional validation requirements will result in fair and objective employment exams, high quality and legally defensible selection instruments. In consultation with the State Personnel Board, departments need to maximize selection validity within the next five years through the use of competent and trained personnel. Departments could demonstrate the effectiveness of such tests to the State Personnel Board or Department of Personnel Administration.

The state could establish a requirement that state examinations be objective and comply with the federal *Uniform Guidelines on Employee Selection Procedures*, as well as professional standards (e.g., *Principles for the Validation and Use of Personnel Section Procedures*). These standards require that employment decisions be based on valid predictors of job success. These regulatory and professional standards outline the procedures that must be followed to validate any selection instrument (written



examination, interview, work sample test, etc.) and helps to ensure that state examinations do not discriminate against any group. The most commonly used approach for validating employment examination is through the completion of a job analysis study.<sup>4</sup>

The Task Force recommends the State Personnel Board or the Department of Personnel Administration survey examinations currently administered by the state and identify by department the number and type of examinations requiring validation and provide a report to the Governor and the Legislature on the volume, costs, and resources needed to validate these examinations. Each state agency could be directed to prepare a budget request to obtain funding to validate their examinations and would submit for approval of the State Personnel Board or the Department of Personnel Administration acceptable documentation that the validation study complies with the *Uniform Guidelines on Employee Selection Procedures*. The state could ensure that all examinations are validated every five years. To promote economy and uniformity, the state could establish a centralized organizational unit at the State Personnel Board or the Department of Personnel Administration to conduct validation studies for departments.

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<sup>4</sup> In order to properly validate employment examinations, a job analysis must be conducted for each classification in order to identify the requisite knowledge, skills, and abilities. Selection instruments such as a written examination, work sample test, or interview, must be developed to accurately assess the candidate's capabilities in the requisite knowledge, skills, and abilities that were identified through the job analysis process. A validation report documenting the study methodology and results as well as



## 5. Employee Development Programs

The state could fund employee development programs that support and enable all employees to achieve their highest potential. If specific classification groups are identified as lacking the level of competency necessary to achieve upward mobility from within the state's talent pool, appropriate training and/or development programs could be established to enhance the selection process.



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a follow-up empirical validation study can be conducted to ensure the predictive accuracy of the selection instruments that have been used.



# Public Contracting Outreach Options

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The Task Force believes that diversity and strengthened outreach can be achieved in a nondiscriminatory manner by focusing substantial efforts on California's small business community. Most of the businesses adversely impacted by Proposition 209 were minority businesses and women-owned businesses. The vast majority of these businesses are, in fact, small businesses. The Task Force proposes the following outreach options:

## **1. Administrative Option: Strengthen the State's Small Business Program**

The Task Force supports consideration of the following options to the Governor for strengthening the state's small business program:

- a) Establish a Cabinet-level, Governor's Office or Business, Transportation and Housing Agency appointee, such as a *Small Business Policy Director*, who has overall responsibility for policy development, monitoring, and reporting on the state's small business programs and activities.
- b) Require each department to have a lead contracting agent who is ultimately responsible for each department's contracting activities, including small business contract participation. This individual would also coordinate with the *Small Business Policy Director*.



- c) Clarify and broaden the existing role of Small Business Advocates in each department.  
This option could include providing feedback to unsuccessful micro-business bidders (after protest period has ended).
- d) Create a one-stop certification process with appropriate checks and balances to discover and deter fraud, and enforce existing small business certification regulations. The one-stop certification process would eliminate duplicative processes at the local level.
- e) Develop, through the state's Small Business Advocates, recommendations for the Governor and Legislature to improve the state's small business program. Issues include:
  - encouraging each state agency to strive for an appropriate 25 percent small business participation goal;
  - unbundling large state contracts where it is economically advisable so that small businesses can compete on more contracts;
  - establishing a requirement that a percentage of each department's contracting dollars be reserved for small businesses to compete on; and
  - surveying existing small business programs to determine their effectiveness.



## **2. Legislative Option: Strengthen the State's Small Business Program**

The Task Force suggests to the Governor and the Legislature the following options to strengthen the state's small business program:

- a) Establish a requirement that each state agency reserve a portion of the contracting dollars for small or micro-business competition.
- b) Redefine the definition of "small business" by creating two tiers of small businesses with a new first tier of "micro-businesses" that have annual gross receipts of \$5 million or below, and have a second tier for the remainder of the existing small businesses. The current definition is any California business with \$10 million in annual gross receipts and no more than 100 employees. The micro-business definition would be established at half that amount. Have a larger preference for micro-businesses (10 percent of the subcontract amount for firms less than ten years old), and make micro-businesses eligible for technical assistance, contract feedback, and other programs. The existing small business preference is generally 5 percent for firms with \$10 million or less in annual gross receipts.
- c) Create through legislation an incentive program for large businesses that subcontract or mentor small businesses.



### **3. Budgetary Option: Strengthen the State's Small Business Program**

The Task Force suggests that the state's small business program be strengthened by:

- a) ensuring funding for small business support activities like the Small Business Centers and the Small Business Administration's Service Corps of Retired Executives (SCORE), financial counselors, incubators, etc.; and
- b) ensuring funding for an incentive program for large businesses that subcontract with or mentor small businesses.

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## Task Force Membership

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The following persons were selected by Governor Davis to participate on the *Governor's Task Force on Diversity and Outreach*.

Secretary Maria Contreras-Sweet, Chair  
*Business, Transportation and Housing Agency*

Senator Richard Polanco  
*California State Senate*

Senator Kevin Murray  
*California State Senate*

Assembly Member Sheila Kuehl  
*California State Assembly*

Ms. Nadine Chaves, Vice President  
*Parking Company of America*

Mr. Erwin Chemerinsky, Professor  
*University of Southern California School of Law*

Ms. Doreen Chiu, President & CEO  
*Allied Technologies*

Ms. Patty DeDominic, CEO  
*PDQ Personnel Services, Inc.*

Dr. James Doti, President  
*Chapman University*

Mr. Bill Elkins, Board Member  
*California State Personnel Board*

Ms. Helen Grieco, President  
*California Chapter, National Organization for Women*

Ms. Laura Lauder, Philanthropist  
*Lauder & Associates*

Mr. John Mack, President  
*Los Angeles Urban League*

Ms. Cynthia McClain-Hill, Managing Partner  
*McClain-Hill Pryce LLP*



Ms. Dee Dee Meyers, Trustee  
*California State University*

Ms. Karen Nobumoto, Deputy District Attorney  
*Los Angeles County District Attorney's Office*

Mr. Willie L. Pelote, Sr., Political and Legislative  
Director  
*American Federation of State, County, and Municipal  
Employees (AFSCME)*

Ms. Edith Perez, Attorney  
*Latham & Watkins*

Dr. Karl S. Pister, Vice President – Educational  
Outreach  
*University of California, Office of the President*

Ms. Amy Rao, CEO  
*Integrated Archive Systems*

Dr. James M. Rosser, President  
*California State University, Los Angeles*

Mr. Tom Sayles, Vice President  
*Sempra Energy*

Ms. Kathy Spillar, National Coordinator  
*Fund for Feminist Majority*

Ms. Maeley Tom, CEO  
*Tom & Associates*

Mr. Gaddi Vasquez, Division Vice President  
*Southern California Edison Company*

Mr. Eugene Volokh, Professor  
*University of California, Los Angeles, School of Law*

Ms. Shirley R. Wysinger, Mayor  
*City of San Pablo*

Mr. Allan Zaremberg, President  
*California Chamber of Commerce*



***Subcommittee Facilitators:***

Ms. Clothilde Hewlett, Undersecretary  
*State and Consumer Services Agency*

Ms. Happy Chastain, Deputy Secretary  
*State and Consumer Services Agency*

Ms. Diana Fuentes-Michel, Assistant Secretary  
*Office of the Secretary of Education*

***Business, Transportation and Housing Agency  
Representatives:***

Mr. Mark T. Harris, Undersecretary

Mr. Augustin R. Jimenez, Special Counsel to the  
Secretary

Ms. Audrey Diaz, Assistant to the Secretary

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## Acknowledgments

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Secretary Maria Contreras-Sweet wishes to acknowledge and thank each member of the *Governor's Task Force on Diversity and Outreach*, along with the Task Force facilitators, for their shared enthusiasm and contributions given toward achieving the mission of this group.

In addition to Task Force members, the Secretary wishes to thank former Secretary Gary Hart, Office of the Secretary of Education, and Secretary Aileen Adams, State and Consumer Services Agency, who were gracious in providing the facilitators during plenary sessions of the Task Force and during meetings of the individual discussion groups.

Also, the Secretary would like to extend her appreciation to Commissioner D. O. Helmick of the California Highway Patrol for providing the necessary support for coordinating and staffing the meetings of the Task Force and for their invaluable assistance in preparing this report.

Finally, the Secretary would like to thank the Governor for this opportunity to share in his leadership on this critical issue for the people of the State of California.

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